

# SENATE BILL 877

C8, Q3, Q1

8lr0167  
CF HB 989

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By: **The President (By Request – Administration) and Senators Cassilly, Edwards, Feldman, Guzzone, Kagan, Kasemeyer, Kelley, King, Klausmeier, Lee, Madaleno, Mathias, Middleton, Serafini, Smith, and Zucker**

Introduced and read first time: February 5, 2018

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Promoting ext-Raordinary Innovation in Maryland's Economy**  
3 **(PRIME Act)**

4 FOR the purpose of establishing the Promoting ext-Raordinary Innovation in Maryland's  
5 Economy Program within the Department of Commerce to provide certain Fortune  
6 100 companies tax credits and benefits for a certain number of years; requiring the  
7 Department to administer the Program; establishing the application and eligibility  
8 requirements for a business entity to qualify for tax credits and benefits under the  
9 Program; authorizing certain types of businesses to receive certain credits and  
10 benefits under the Program under certain circumstances; providing for the  
11 termination of certain business entities from the Program under certain  
12 circumstances; authorizing the Secretary of Commerce to adopt any regulations  
13 necessary to implement the Program; requiring the Department to report to the  
14 General Assembly on or before a certain date; authorizing a credit against the State  
15 income tax for certain income of business entities certified under the Program;  
16 making the credit refundable; requiring certain businesses to apply for a certain tax  
17 certificate from the Department under certain circumstances; requiring the  
18 application to be in a certain form and contain certain information; requiring the  
19 Department to issue certain tax credit certificates, subject to certain limitations;  
20 requiring the Department to report to the Governor and the General Assembly  
21 certain information regarding the tax credit; requiring the Department and the  
22 Comptroller to jointly adopt certain regulations; providing for a sales and use tax  
23 exemption for certain sales of construction material or warehousing equipment  
24 under certain circumstances; requiring the Department to provide the Comptroller  
25 with a certain list each year; requiring the Comptroller to issue a certain certificate  
26 of eligibility for a certain exemption; providing for the renewal period of a certain  
27 certificate; requiring a certain governing body of a county or of a municipal  
28 corporation to grant a certain tax credit against certain property tax; providing for a  
29 certain tax credit against the State property tax; specifying the duration of certain

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 tax credits; requiring the Department of Assessments and Taxation to submit a  
 2 certain list to the Department of Commerce; requiring the State, under certain  
 3 circumstances, to reimburse a certain county or a municipal corporation certain  
 4 amounts; requiring the State Department of Assessments and Taxation to provide a  
 5 certain notification to the Comptroller and the Comptroller to provide a certain  
 6 reimbursement; altering a certain property tax credit for businesses that create new  
 7 jobs to allow a business entity that is granted a certain property tax credit to be  
 8 eligible to receive the property tax credit for businesses that create new jobs; defining  
 9 certain terms; providing for application of certain provisions of this Act; and  
 10 generally relating to the Promoting ext-Raordinary Innovation in Maryland's  
 11 Economy Program.

12 BY adding to

13 Article – Economic Development

14 Section 6–901 through 6–909 to be under the new subtitle “Subtitle 9.

15 Promoting ext-Raordinary Innovation in Maryland's Economy Program”

16 Annotated Code of Maryland

17 (2008 Replacement Volume and 2017 Supplement)

18 BY adding to

19 Article – Tax – General

20 Section 10–746 and 11–234

21 Annotated Code of Maryland

22 (2016 Replacement Volume and 2017 Supplement)

23 BY adding to

24 Article – Tax – Property

25 Section 9–111

26 Annotated Code of Maryland

27 (2012 Replacement Volume and 2017 Supplement)

28 BY repealing and reenacting, with amendments,

29 Article – Tax – Property

30 Section 9–230(b)(3)

31 Annotated Code of Maryland

32 (2012 Replacement Volume and 2017 Supplement)

33 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
 34 That the Laws of Maryland read as follows:

35 **Article – Economic Development**

36 **SUBTITLE 9. PROMOTING EXT-RAORDINARY INNOVATION IN MARYLAND'S**  
 37 **ECONOMY PROGRAM.**

38 **6–901.**

1           (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
2 INDICATED.

3           (B) “BENEFIT YEAR” MEANS A TAXABLE YEAR IN WHICH A QUALIFIED  
4 BUSINESS ENTITY CLAIMS A PROGRAM BENEFIT ESTABLISHED UNDER § 6-904 OF  
5 THIS SUBTITLE.

6           (C) “BUSINESS ENTITY” MEANS A FORTUNE 100 COMPANY.

7           (D) “ELIGIBLE PROJECT” MEANS A PROJECT ESTABLISHED AND OPERATED  
8 BY A BUSINESS ENTITY THAT MEETS THE REQUIREMENTS SET FORTH UNDER § 6-903  
9 OF THIS SUBTITLE.

10           (E) “PROGRAM” MEANS THE PROMOTING EXTRAORDINARY INNOVATION  
11 IN MARYLAND’S ECONOMY PROGRAM ESTABLISHED UNDER THIS SUBTITLE.

12           (F) “QUALIFIED BUSINESS ENTITY” MEANS A BUSINESS ENTITY OPERATING  
13 AN ELIGIBLE PROJECT UNDER THIS SUBTITLE.

14           (G) (1) “QUALIFIED POSITION” MEANS A POSITION THAT:

15                           (I) IS FULL-TIME AND OF INDEFINITE DURATION;

16                           (II) PAYS AT LEAST \$60,000 BUT NOT MORE THAN \$500,000  
17 EACH YEAR;

18                           (III) IS NEWLY CREATED AND LOCATED AT A SINGLE ELIGIBLE  
19 PROJECT IN THE STATE; AND

20                           (IV) IS FILLED.

21           (2) “QUALIFIED POSITION” DOES NOT INCLUDE A POSITION THAT IS:

22                           (I) CREATED WHEN AN EMPLOYMENT FUNCTION IS SHIFTED  
23 FROM AN EXISTING FACILITY OF A BUSINESS ENTITY IN THE STATE TO ANOTHER  
24 FACILITY OF THE SAME BUSINESS ENTITY IF THE POSITION IS NOT A NET NEW JOB  
25 IN THE STATE;

26                           (II) CREATED THROUGH A CHANGE IN OWNERSHIP OF A TRADE  
27 OR BUSINESS;

28                           (III) CREATED THROUGH A CONSOLIDATION, MERGER, OR  
29 RESTRUCTURING OF A BUSINESS ENTITY IF THE POSITION IS NOT A NET NEW JOB IN

1 THE STATE;

2 (IV) CREATED WHEN AN EMPLOYMENT FUNCTION IS  
3 CONTRACTUALLY SHIFTED FROM AN EXISTING BUSINESS ENTITY TO ANOTHER  
4 BUSINESS ENTITY IN THE STATE IF THE POSITION IS NOT A NET NEW JOB IN THE  
5 STATE; OR

6 (V) FILLED FOR A PERIOD OF LESS THAN 12 MONTHS.

7 6-902.

8 THERE IS A PROMOTING EXT-RAORDINARY INNOVATION IN MARYLAND'S  
9 ECONOMY (PRIME) PROGRAM IN THE DEPARTMENT.

10 6-903.

11 (A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A BUSINESS  
12 ENTITY MAY APPLY TO THE DEPARTMENT TO ENROLL AN ELIGIBLE PROJECT IN THE  
13 PROGRAM.

14 (2) A BUSINESS ENTITY SHALL NOTIFY THE DEPARTMENT OF ITS  
15 INTENT TO SEEK CERTIFICATION OF AN ELIGIBLE PROJECT BEFORE THE BUSINESS  
16 ENTITY ESTABLISHES THE PROJECT IN THE STATE.

17 (B) THE DEPARTMENT MAY CERTIFY A BUSINESS ENTITY AS A QUALIFIED  
18 BUSINESS ENTITY AFTER THE BUSINESS ENTITY:

19 (1) PROVIDES THE REQUIRED NOTICE UNDER SUBSECTION (A) OF  
20 THIS SECTION;

21 (2) APPLIES TO THE DEPARTMENT IN ACCORDANCE WITH  
22 SUBSECTION (C) OF THIS SECTION; AND

23 (3) ESTABLISHES AN ELIGIBLE PROJECT AS DESCRIBED IN  
24 SUBSECTION (D) OF THIS SECTION.

25 (C) A BUSINESS ENTITY SHALL SUBMIT TO THE DEPARTMENT AN  
26 APPLICATION CONTAINING AT LEAST THE FOLLOWING INFORMATION:

27 (1) THE ANTICIPATED DATE OF THE ESTABLISHMENT OF THE  
28 PROJECT;

29 (2) THE LOCATION OF THE PROJECT;

1           **(3) EVIDENCE THAT THE PROJECT WILL FUNCTION AS A**  
2 **HEADQUARTERS OF THE BUSINESS ENTITY;**

3           **(4) THE ESTIMATED NUMBER OF QUALIFIED POSITIONS TO BE**  
4 **CREATED BY THE PROJECT;**

5           **(5) THE DATES BY WHICH THE QUALIFIED POSITIONS ARE EXPECTED**  
6 **TO BE FILLED;**

7           **(6) THE ANTICIPATED PAYROLL FOR THE QUALIFIED POSITIONS; AND**

8           **(7) ANY OTHER INFORMATION THE DEPARTMENT REQUIRES.**

9           **(D) (1) TO ESTABLISH AN ELIGIBLE PROJECT UNDER THIS SUBTITLE, A**  
10 **BUSINESS ENTITY SHALL:**

11           **(I) SUBMIT EVIDENCE THAT THE BUSINESS ENTITY IS LEGALLY**  
12 **COMMITTED TO EXPENDING OR CAUSING TO BE EXPENDED A MINIMUM OF**  
13 **\$500,000,000 IN PROJECT COSTS; AND**

14           **(II) SUBMIT A PROJECT PLAN TO THE DEPARTMENT THAT**  
15 **COMMITTS TO CARRY OUT THE FOLLOWING ACTIVITIES OVER A 17-YEAR PERIOD:**

16                   **1. A. FILL AT LEAST 40,000 QUALIFIED POSITIONS AT**  
17 **THE FACILITY; AND**

18                           **B. PROVIDE COMPENSATION FOR THE QUALIFIED**  
19 **POSITIONS IN AN AMOUNT THAT, ON AVERAGE, EQUALS AT LEAST \$100,000**  
20 **ANNUALLY; AND**

21                           **2. EXPEND OR CAUSE TO BE EXPENDED A TOTAL OF**  
22 **\$4,500,000,000, INCLUDING ANY AMOUNTS EXPENDED UNDER ITEM (I) OF THIS**  
23 **PARAGRAPH.**

24           **(2) COSTS THAT MAY BE INCLUDED IN THE AMOUNT SET FORTH IN**  
25 **PARAGRAPH (1)(I) OF THIS SUBSECTION INCLUDE:**

26                   **(I) OBLIGATIONS FOR LABOR AND PAYMENTS MADE TO**  
27 **CONTRACTORS, SUBCONTRACTORS, BUILDERS, AND SUPPLIERS;**

28                   **(II) ACQUIRING LAND, RIGHTS IN LAND, AND EXPENSES**  
29 **INCIDENTAL TO ACQUIRING LAND OR RIGHTS IN LAND;**

1 (III) CONTRACT BONDS AND INSURANCE NEEDED DURING THE  
2 ACQUISITION, CONSTRUCTION, OR INSTALLATION OF THE PROJECT;

3 (IV) TEST BORINGS, SURVEYS, ESTIMATES, PLANS,  
4 SPECIFICATIONS, PRELIMINARY INVESTIGATIONS, ENVIRONMENTAL MITIGATION,  
5 SUPERVISION OF CONSTRUCTION, AND ANY OTHER ARCHITECTURAL AND  
6 ENGINEERING SERVICES;

7 (V) PERFORMING DUTIES REQUIRED BY OR CONSEQUENT TO  
8 THE ACQUISITION, CONSTRUCTION, AND INSTALLATION OF THE PROJECT;

9 (VI) INSTALLING WATER, SEWER, SEWER TREATMENT, GAS,  
10 ELECTRICITY, COMMUNICATIONS, RAILROADS, AND SIMILAR UTILITIES;

11 (VII) BOND INSURANCE, LETTERS OF CREDIT, AND OTHER FORMS  
12 OF CREDIT ENHANCEMENT OR LIQUIDITY FACILITIES;

13 (VIII) INTEREST EXPENSES BEFORE AND DURING THE  
14 ACQUISITION, CONSTRUCTION, INSTALLATION, AND EQUIPPING OF THE PROJECT,  
15 AND FOR UP TO 2 YEARS AFTER PROJECT COMPLETION;

16 (IX) COMPUTERS, NONRECURRING COSTS OF FIXED  
17 TELECOMMUNICATIONS EQUIPMENT, FURNISHINGS, AND OFFICE EQUIPMENT; AND

18 (X) MOVING EXPENSES, SEPARATION EXPENSES, AND ANY  
19 OTHER EXPENSES DIRECTLY RELATED TO MOVING FROM OUTSIDE THE STATE TO A  
20 LOCATION IN THE STATE.

21 **6-904.**

22 (A) (I) SUBJECT TO THE PROVISIONS OF THIS SECTION, THE PROGRAM  
23 BENEFITS AUTHORIZED UNDER THIS SECTION MAY BE CLAIMED BY A QUALIFIED  
24 BUSINESS ENTITY FOR UP TO 10 CONSECUTIVE BENEFIT YEARS.

25 (II) FOR THE INCOME TAX CREDIT ESTABLISHED UNDER § 10-746 OF  
26 THE TAX - GENERAL ARTICLE, A QUALIFIED BUSINESS ENTITY MAY CLAIM THE  
27 CREDIT FOR 10 CONSECUTIVE BENEFIT YEARS FOR EACH QUALIFIED POSITION.

28 (B) ON ENROLLMENT IN THE PROGRAM A QUALIFIED BUSINESS ENTITY IS  
29 ELIGIBLE FOR:

30 (1) SUBJECT TO SUBSECTION (C) OF THIS SECTION, A CREDIT

1 AGAINST THE STATE INCOME TAX, ESTABLISHED UNDER § 10-746 OF THE  
2 TAX – GENERAL ARTICLE;

3 (2) A CREDIT AGAINST A PORTION OF THE COUNTY OR MUNICIPAL  
4 CORPORATION PROPERTY TAX AND OF THE STATE PROPERTY TAX ESTABLISHED  
5 UNDER § 9-111 OF THE TAX – PROPERTY ARTICLE; AND

6 (3) AN EXEMPTION FROM THE SALES AND USE TAX, AS PROVIDED  
7 UNDER § 11-234 OF THE TAX – GENERAL ARTICLE.

8 (C) (1) TO BE ELIGIBLE FOR THE CREDIT AGAINST THE STATE INCOME  
9 TAX ESTABLISHED UNDER § 10-746 OF THE TAX – GENERAL ARTICLE, A BUSINESS  
10 ENTITY SHALL:

11 (I) PROVIDE COMPENSATION FOR THE QUALIFIED POSITIONS  
12 FOR WHICH THE BUSINESS ENTITY SEEKS TO CLAIM THE CREDIT IN AN AMOUNT  
13 THAT, ON AVERAGE, EQUALS AT LEAST \$100,000 EACH YEAR; AND

14 (II) PROVIDE TO THE DEPARTMENT, FOR EACH BENEFIT YEAR,  
15 EVIDENCE OF THE COMPENSATION REQUIRED UNDER THIS SUBSECTION.

16 (2) TO BE ELIGIBLE FOR A CREDIT AGAINST THE STATE INCOME TAX  
17 ESTABLISHED UNDER § 10-746 OF THE TAX – GENERAL ARTICLE FOR THE FILLING  
18 OF QUALIFIED POSITIONS AFTER THE FIRST BENEFIT YEAR, A QUALIFIED BUSINESS  
19 ENTITY SHALL FILL THE REQUIRED NUMBER OF QUALIFIED POSITIONS NOT LATER  
20 THAN 17 YEARS AFTER ENROLLMENT IN THE PROGRAM.

21 (D) IF THE NUMBER OF QUALIFIED POSITIONS AT THE ELIGIBLE PROJECT  
22 DECREASES TO A NUMBER LESS THAN THE NUMBER OF QUALIFIED POSITIONS  
23 CLAIMED IN THE FIRST BENEFIT YEAR, THE PROJECT SHALL BE REMOVED FROM THE  
24 PROGRAM AND ALL PROGRAM BENEFITS TERMINATE.

25 **6-905.**

26 THE DEPARTMENT SHALL PROVIDE TO A QUALIFIED BUSINESS ENTITY A  
27 CERTIFICATE THAT:

28 (1) CERTIFIES THE ELIGIBILITY OF THE PROJECT THAT IS ENROLLED  
29 IN THE PROGRAM;

30 (2) PROVIDES THE DURATION OF THE CERTIFICATION;

31 (3) IS UPDATED AS NEEDED TO REFLECT AN INCREASE IN THE

1 NUMBER OF QUALIFIED POSITIONS FOR WHICH THE QUALIFIED BUSINESS ENTITY IS  
2 ELIGIBLE FOR A CREDIT AGAINST THE STATE INCOME TAX, AS PROVIDED UNDER §  
3 10-746 OF THE TAX – GENERAL ARTICLE; AND

4 (4) PROVIDES ANY ADDITIONAL INFORMATION NECESSARY FOR THE  
5 QUALIFIED BUSINESS ENTITY TO RECEIVE A PROGRAM BENEFIT FOR WHICH THE  
6 BUSINESS ENTITY IS ELIGIBLE, OR WHICH THE COMPTROLLER OR THE  
7 DEPARTMENT NEEDS TO ADMINISTER THE PROGRAM.

8 6-906.

9 (A) THE DEPARTMENT MAY REVOKE ITS CERTIFICATION UNDER THIS  
10 SUBTITLE, IN WHOLE OR IN PART, IF:

11 (1) ANY REPRESENTATION MADE BY A QUALIFIED BUSINESS ENTITY  
12 IS DETERMINED BY THE DEPARTMENT TO HAVE BEEN FALSE WHEN MADE; OR

13 (2) AS DETERMINED BY THE DEPARTMENT, THE ACTUAL  
14 EXPENDITURES AND HIRING OF EMPLOYEES TO FILL QUALIFIED POSITIONS BY THE  
15 QUALIFIED BUSINESS ENTITY OPERATING THE PROJECT ARE SIGNIFICANTLY  
16 BELOW THE ESTIMATES IN THE PROJECT PLAN PROVIDED BY THE BUSINESS ENTITY  
17 UNDER § 6-903(D)(1)(II) OF THIS SUBTITLE.

18 (B) IF THE DEPARTMENT REVOKES ITS CERTIFICATION UNDER  
19 SUBSECTION (A) OF THIS SECTION, THE COMPTROLLER MAY MAKE AN ASSESSMENT  
20 AGAINST THE QUALIFIED BUSINESS ENTITY TO RECAPTURE ANY AMOUNT OF A  
21 PROGRAM BENEFIT THAT THE QUALIFIED BUSINESS ENTITY HAS RECEIVED.

22 6-907.

23 (A) THE DEPARTMENT MAY REQUIRE THAT ANY INFORMATION PROVIDED  
24 UNDER THIS SUBTITLE BE VERIFIED BY AN INDEPENDENT CERTIFIED PUBLIC  
25 ACCOUNTANT THAT THE QUALIFIED BUSINESS ENTITY AND THE DEPARTMENT  
26 SELECT.

27 (B) (1) ACCEPTANCE BY A QUALIFIED BUSINESS ENTITY OF THE  
28 PROGRAM BENEFITS UNDER THIS SUBTITLE SHALL BE DEEMED TO AUTHORIZE THE  
29 COMPTROLLER TO SHARE WITH THE DEPARTMENT ANY INFORMATION RECEIVED  
30 FROM A QUALIFIED BUSINESS ENTITY ABOUT ELIGIBILITY FOR A PROGRAM BENEFIT  
31 ALLOWED UNDER THIS SUBTITLE.

32 (2) INFORMATION THAT IS RECEIVED BY THE DEPARTMENT OR THE  
33 COMPTROLLER UNDER PARAGRAPH (1) OF THIS SUBSECTION IS SUBJECT TO

1 CONFIDENTIALITY REQUIREMENTS ESTABLISHED BY LAW.

2 **6-908.**

3 THE SECRETARY MAY ADOPT ANY REGULATIONS NECESSARY AND  
4 APPROPRIATE TO CARRY OUT THIS SUBTITLE.

5 **6-909.**

6 ON OR BEFORE DECEMBER 1 EACH YEAR, THE DEPARTMENT SHALL REPORT  
7 TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1246 OF THE STATE  
8 GOVERNMENT ARTICLE, ON THE QUALIFIED BUSINESS ENTITIES RECEIVING FINAL  
9 CERTIFICATION IN THE PRECEDING FISCAL YEAR.

10 Article – Tax – General

11 **10-746.**

12 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
13 INDICATED.

14 (2) “BUSINESS ENTITY” HAS THE MEANING STATED IN § 6-901 OF THE  
15 ECONOMIC DEVELOPMENT ARTICLE.

16 (3) “DEPARTMENT” MEANS THE DEPARTMENT OF COMMERCE.

17 (4) “ELIGIBLE PROJECT” HAS THE MEANING STATED IN § 6-901 OF  
18 THE ECONOMIC DEVELOPMENT ARTICLE.

19 (5) “QUALIFIED BUSINESS ENTITY” HAS THE MEANING STATED IN §  
20 6-901 OF THE ECONOMIC DEVELOPMENT ARTICLE.

21 (6) “QUALIFIED POSITION” HAS THE MEANING STATED IN § 6-901 OF  
22 THE ECONOMIC DEVELOPMENT ARTICLE.

23 (B) (1) TO BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, A  
24 QUALIFIED BUSINESS ENTITY SHALL:

25 (I) COMPENSATE THE EMPLOYEES EMPLOYED IN THE  
26 QUALIFIED POSITIONS FOR WHICH THE BUSINESS ENTITY CLAIMS THE CREDIT  
27 UNDER THIS SECTION IN AN AMOUNT THAT, ON AVERAGE, EQUALS AT LEAST  
28 \$100,000 ANNUALLY; AND

29 (II) FILL THE REQUIRED NUMBER OF QUALIFIED POSITIONS

1 NOT LATER THAN 17 YEARS AFTER INITIAL ENROLLMENT IN THE PROGRAM.

2 (2) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN INDIVIDUAL  
3 OR A CORPORATION THAT IS A QUALIFIED BUSINESS ENTITY THAT OPERATES AN  
4 ELIGIBLE PROJECT IN THE STATE MAY CLAIM A CREDIT AGAINST THE STATE  
5 INCOME TAX EQUAL TO THE AMOUNT STATED IN THE FINAL TAX CREDIT  
6 CERTIFICATE APPROVED BY THE DEPARTMENT FOR AN ELIGIBLE PROJECT.

7 (3) THE AMOUNT OF THE CREDIT AUTHORIZED UNDER PARAGRAPH  
8 (2) OF THIS SUBSECTION IS EQUAL TO THE PRODUCT OF:

9 (I) THE STATE EMPLOYER WITHHOLDING AMOUNT, WHICH IS  
10 EQUAL TO THE HIGHEST TAX RATE LISTED IN § 10-105(A) OF THIS TITLE; AND

11 (II) SUBJECT TO PARAGRAPH (1) OF THIS SUBSECTION, THE  
12 TOTAL AMOUNT OF WAGES PAID FOR EACH QUALIFIED POSITION AT AN ELIGIBLE  
13 PROJECT.

14 (4) IF THE TAX CREDIT ALLOWED UNDER THIS SECTION IN ANY  
15 TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE QUALIFIED  
16 BUSINESS ENTITY FOR THAT TAXABLE YEAR, THE QUALIFIED BUSINESS ENTITY MAY  
17 CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.

18 (C) (1) ON ENROLLMENT IN THE PROMOTING EXTRAORDINARY  
19 INNOVATION IN MARYLAND'S ECONOMY PROGRAM ESTABLISHED UNDER TITLE 6,  
20 SUBTITLE 9 OF THE ECONOMIC DEVELOPMENT ARTICLE, A QUALIFIED BUSINESS  
21 ENTITY SHALL APPLY TO THE DEPARTMENT FOR A CERTIFICATE OF ELIGIBILITY  
22 FOR A TAX CREDIT UNDER THIS SECTION.

23 (2) THE APPLICATION SHALL BE IN THE FORM AND SHALL CONTAIN  
24 THE INFORMATION THAT THE DEPARTMENT REQUIRES.

25 (3) (I) EACH YEAR, SUBJECT TO THE LIMITATIONS OF THIS  
26 SUBSECTION, THE DEPARTMENT SHALL ISSUE AN INITIAL TAX CREDIT CERTIFICATE  
27 IN AN AMOUNT EQUAL TO A PERCENTAGE OF TOTAL WAGES PAID FOR EACH  
28 QUALIFIED POSITION AT AN ELIGIBLE PROJECT AS CALCULATED UNDER  
29 SUBSECTION (B) OF THIS SECTION.

30 (II) AN INITIAL TAX CREDIT CERTIFICATE ISSUED UNDER THIS  
31 SUBSECTION SHALL STATE THE MAXIMUM AMOUNT OF TAX CREDIT FOR WHICH THE  
32 QUALIFIED BUSINESS ENTITY IS ELIGIBLE.

33 (III) THE DEPARTMENT SHALL ISSUE A FINAL TAX CREDIT

1 CERTIFICATE TO THE QUALIFIED BUSINESS ENTITY BASED ON AN AMOUNT EQUAL  
2 TO A PERCENTAGE OF THE TOTAL ACTUAL WAGES PAID FOR EACH QUALIFIED  
3 POSITION AT AN ELIGIBLE PROJECT AS CALCULATED UNDER SUBSECTION (B) OF  
4 THIS SECTION.

5 (D) ON OR BEFORE JULY 1 EACH YEAR, THE DEPARTMENT SHALL REPORT  
6 TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT  
7 ARTICLE, THE GENERAL ASSEMBLY ON THE AMOUNT OF TAX CREDITS ISSUED  
8 UNDER FINAL TAX CREDIT CERTIFICATES UNDER THE PROGRAM.

9 (E) THE DEPARTMENT AND THE COMPTROLLER JOINTLY SHALL ADOPT  
10 REGULATIONS TO:

11 (1) CARRY OUT THE PROVISIONS OF THIS SECTION; AND

12 (2) SPECIFY CRITERIA AND PROCEDURES FOR THE APPLICATION  
13 FOR, APPROVAL OF, AND MONITORING OF CONTINUING ELIGIBILITY FOR THE TAX  
14 CREDIT UNDER THIS SECTION.

15 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
16 as follows:

17 **Article –Tax – General**

18 **11-234.**

19 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
20 INDICATED.

21 (2) “DEPARTMENT” MEANS THE DEPARTMENT OF COMMERCE.

22 (3) “ELIGIBLE PROJECT” HAS THE MEANING STATED IN § 6-901 OF  
23 THE ECONOMIC DEVELOPMENT ARTICLE.

24 (4) “PROGRAM” MEANS THE PROMOTING EXT-RAORDINARY  
25 INNOVATION IN MARYLAND’S ECONOMY PROGRAM ESTABLISHED UNDER TITLE 6,  
26 SUBTITLE 9 OF THE ECONOMIC DEVELOPMENT ARTICLE.

27 (5) “QUALIFIED BUSINESS ENTITY” HAS THE MEANING STATED IN §  
28 6-901 OF THE ECONOMIC DEVELOPMENT ARTICLE.

29 (6) “QUALIFIED PERSONAL PROPERTY OR SERVICES” MEANS  
30 PERSONAL PROPERTY OR SERVICES PURCHASED FOR USE AT AN ELIGIBLE PROJECT  
31 BY A QUALIFIED BUSINESS ENTITY THAT IS ENROLLED IN THE PROGRAM.

1           **(B) THE SALES AND USE TAX DOES NOT APPLY TO A SALE OF QUALIFIED**  
2 **PERSONAL PROPERTY OR SERVICES IF THE BUYER PROVIDES THE VENDOR WITH**  
3 **EVIDENCE OF ELIGIBILITY FOR THE EXEMPTION ISSUED BY THE COMPTROLLER.**

4           **(C) (1) EACH YEAR, THE DEPARTMENT SHALL PROVIDE THE**  
5 **COMPTROLLER WITH A LIST OF QUALIFIED BUSINESS ENTITIES.**

6           **(2) WITHIN 30 DAYS OF RECEIVING A LIST OF QUALIFIED BUSINESS**  
7 **ENTITIES FROM THE DEPARTMENT, THE COMPTROLLER SHALL ISSUE, TO EACH**  
8 **QUALIFIED BUSINESS ENTITY, A CERTIFICATE OF ELIGIBILITY FOR THE EXEMPTION**  
9 **UNDER THIS SECTION.**

10           **(3) THE CERTIFICATE ISSUED UNDER PARAGRAPH (2) OF THIS**  
11 **SUBSECTION:**

12                   **(I) MUST BE RENEWED EACH YEAR; AND**

13                   **(II) MAY NOT BE RENEWED FOR MORE THAN 10 CONSECUTIVE**  
14 **YEARS.**

15           SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
16 as follows:

17                                   **Article – Tax – Property**

18 **9–111.**

19           **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**  
20 **INDICATED.**

21                   **(2) “ELIGIBLE ASSESSMENT” MEANS THE DIFFERENCE BETWEEN THE**  
22 **BASE YEAR VALUE OF A QUALIFIED PROPERTY AND THE ACTUAL VALUE OF A**  
23 **QUALIFIED PROPERTY AS DETERMINED BY THE DEPARTMENT FOR THE APPLICABLE**  
24 **TAXABLE YEAR IN WHICH THE TAX CREDIT UNDER THIS SECTION IS TO BE GRANTED.**

25                   **(3) “ELIGIBLE PROJECT” HAS THE MEANING STATED IN § 6–901 OF**  
26 **THE ECONOMIC DEVELOPMENT ARTICLE.**

27                   **(4) “QUALIFIED BUSINESS ENTITY” HAS THE MEANING STATED IN §**  
28 **6–901 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

29                   **(5) “QUALIFIED PROPERTY” MEANS REAL PROPERTY WHERE AN**  
30 **ELIGIBLE PROJECT IS LOCATED.**

1           **(B) (1) THE GOVERNING BODY OF A COUNTY OR OF A MUNICIPAL**  
2 **CORPORATION SHALL GRANT A PROPERTY TAX CREDIT UNDER THIS SECTION**  
3 **AGAINST THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX THAT IS**  
4 **IMPOSED ON THE ELIGIBLE ASSESSMENT OF A QUALIFIED PROPERTY OWNED BY A**  
5 **QUALIFIED BUSINESS ENTITY ENROLLED IN THE PROMOTING EXT-RAORDINARY**  
6 **INNOVATION IN MARYLAND'S ECONOMY PROGRAM ESTABLISHED UNDER TITLE 6,**  
7 **SUBTITLE 9 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

8           **(2) IN ADDITION TO THE PROPERTY TAX CREDIT PROVIDED UNDER**  
9 **PARAGRAPH (1) OF THIS SUBSECTION, THERE IS A CREDIT AGAINST THE STATE**  
10 **PROPERTY TAX THAT IS IMPOSED ON THE ELIGIBLE ASSESSMENT OF A QUALIFIED**  
11 **PROPERTY OWNED BY A QUALIFIED BUSINESS ENTITY ENROLLED IN THE**  
12 **PROMOTING EXT-RAORDINARY INNOVATION IN MARYLAND'S ECONOMY PROGRAM**  
13 **ESTABLISHED UNDER TITLE 6, SUBTITLE 9 OF THE ECONOMIC DEVELOPMENT**  
14 **ARTICLE.**

15           **(3) THE PROPERTY TAX CREDITS REQUIRED UNDER PARAGRAPHS (1)**  
16 **AND (2) OF THIS SUBSECTION ARE EQUAL TO 50% OF THE STATE, COUNTY, OR**  
17 **MUNICIPAL CORPORATION PROPERTY TAX THAT IS IMPOSED ON THE ELIGIBLE**  
18 **ASSESSMENT OF A QUALIFIED PROPERTY.**

19           **(4) A TAX CREDIT UNDER THIS SECTION MAY BE CLAIMED FOR A**  
20 **QUALIFIED PROPERTY FOR 10 CONSECUTIVE YEARS IF THE PROPERTY REMAINS A**  
21 **QUALIFIED PROPERTY OWNED BY A QUALIFIED BUSINESS ENTITY.**

22           **(C) BY JUNE 15 EACH YEAR, THE DEPARTMENT SHALL SUBMIT TO THE**  
23 **DEPARTMENT OF COMMERCE A LIST THAT INCLUDES:**

24           **(1) THE LOCATION OF EACH QUALIFIED PROPERTY;**

25           **(2) THE AMOUNT OF THE BASE YEAR VALUE FOR EACH QUALIFIED**  
26 **PROPERTY; AND**

27           **(3) THE AMOUNT OF THE PROPERTY TAX ASSESSED AGAINST EACH**  
28 **QUALIFIED PROPERTY.**

29           **(D) AS PROVIDED IN THE STATE BUDGET, THE STATE SHALL REIMBURSE**  
30 **EACH COUNTY OR MUNICIPAL CORPORATION AN AMOUNT EQUAL TO ONE-HALF OF**  
31 **THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX REVENUE THAT WOULD**  
32 **HAVE BEEN COLLECTED IF THE PROPERTY TAX CREDIT UNDER THIS SECTION HAD**  
33 **NOT BEEN GRANTED.**

1           **(E) (1) FOR A COUNTY OR MUNICIPAL CORPORATION TO RECEIVE A**  
2 **REIMBURSEMENT UNDER SUBSECTION (D) OF THIS SECTION, THE COUNTY OR**  
3 **MUNICIPAL CORPORATION SHALL SUBMIT AN ANNUAL REQUEST TO THE**  
4 **DEPARTMENT FOR THE AMOUNT REQUIRED BY SUBSECTION (D) OF THIS SECTION.**

5           **(2) WITHIN 5 WORKING DAYS AFTER THE DEPARTMENT RECEIVES**  
6 **THE REQUEST FROM A COUNTY OR MUNICIPAL CORPORATION, THE DEPARTMENT**  
7 **SHALL CERTIFY TO THE COMPTROLLER THE REIMBURSEMENT DUE TO THE COUNTY**  
8 **OR MUNICIPAL CORPORATION.**

9           **(3) WITHIN 5 WORKING DAYS AFTER THE COMPTROLLER RECEIVES**  
10 **THE CERTIFICATION FROM THE DEPARTMENT, THE COMPTROLLER SHALL REMIT**  
11 **THE REIMBURSEMENT TO THE COUNTY OR MUNICIPAL CORPORATION.**

12 9-230.

13           **(b) (3) [A] (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS**  
14 **PARAGRAPH, A tax credit may not be granted under this section if:**

15                   **[(i)] A.** the business entity or any of its affiliates have moved their  
16 operations from one county in the State to the new or expanded premises in another; or

17                   **[(ii)] B.** the new or expanded premises has otherwise been granted  
18 a tax credit or exemption under this article for the taxable year.

19           **(II) NOTWITHSTANDING ANY OTHER STATE OR LOCAL LAW,**  
20 **SUBPARAGRAPH (I) OF THIS PARAGRAPH DOES NOT APPLY TO A BUSINESS ENTITY**  
21 **THAT HAS BEEN GRANTED A TAX CREDIT UNDER § 9-111 OF THE TAX – PROPERTY**  
22 **ARTICLE.**

23           SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be  
24 applicable to all taxable years beginning after December 31, 2017.

25           SECTION 5. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall be  
26 applicable to all taxable years beginning after June 30, 2018.

27           SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
28 1, 2018.